

POSTAL REGULATORY COMMISSION
901 New York Avenue, NW
Suite 200
Washington, D.C. 20268-0001

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 or 15(d) of
The Securities Exchange Act of 1934
and Section 3654 of
The Postal Accountability and Enhancement Act of 2006**

Date of Report (Date of earliest event reported): August 5, 2009

United States Postal Service

(Exact name of registrant as specified in its charter)

n/a
(State or other jurisdiction of incorporation
or organization)

n/a
(Commission File Number)

41-076000
(I.R.S. Employer Identification No.)

475 L'Enfant Plaza, SW
Washington, D.C.
(Address of principal executive offices)

20260
(Zip Code)

202-268-2000
(Registrant's telephone number, including area code)

n/a
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On August 5, 2009, the United States Postal Service announced financial results for the third quarter of fiscal year 2009. Attached hereto are a press release and certain supplemental information setting forth those financial results.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 Press release issued on August 5, 2009 regarding financial results for the fiscal quarter ended June 30, 2009.

Exhibit 99.2 Supplemental Information.

Signatures

Pursuant to the requirements of the Postal Accountability and Enhancement Act of 2006, the Postal Service has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

United States Postal Service

(Registrant)

By: 

(Signature)

Vincent H. DeVito

Vice President, Controller

Date: Aug 5, 2009

Exhibit 99.1

(See attached)



FOR IMMEDIATE RELEASE
August 5, 2009

POSTAL NEWS

Contact: Yvonne Yoerger
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yvonne.yoerger@usps.gov
usps.com/news
Release No. 09-066

Postal Service Ends Third Quarter with \$2.4 Billion Loss *Year-End Cash Shortfall Likely Despite \$6 Billion in Cost Reductions; Customer Service Scores Remain High in Face of Economic Challenges*

WASHINGTON — The U.S. Postal Service ended its third quarter (April 1 – June 30) with a net loss of \$2.4 billion, including a non-cash adjustment that increased workers' compensation expense by \$807 million. Ongoing electronic diversion and the widespread economic recession continued to reduce mail volume, resulting in a \$1.6 billion decrease in revenue for the quarter.

Despite cost reductions against the fiscal 2009 plan of more than \$6 billion and actions to grow revenue, the Postal Service (USPS) projects a net loss of more than \$7 billion at fiscal year-end. The organization's financial situation is compounded by its obligation to pay \$5.4 billion to \$5.8 billion annually to prefund retiree health benefits. This requirement, established in the Postal Accountability and Enhancement Act of 2006, is an obligation that no other government agency has to pay.

The Postal Service has incurred net losses in 11 of the last 12 fiscal quarters. The fiscal 2009 year-to-date net loss is \$4.7 billion, compared to a loss in the same period last year of \$1.1 billion, in spite of comprehensive, organization-wide cost reduction initiatives. The organization is working to mitigate a possible Sept. 30 cash shortfall of up to \$700 million.

Postmaster General John Potter noted that the Postal Service has maintained a high level of customer service while facing continuing economic challenges. Third quarter service scores for overnight single-piece First-Class Mail remained at 96 percent on-time, while the score for two-day, single-piece First-Class Mail improved 1 percentage point to 94 percent.

"Our commitment to customer service is paramount," Potter said. "We will continue to provide the dependable service our customers need. We also will keep a balance with our critical focus on reducing costs so that service is not diminished.

"Thanks to extraordinary efforts across the entire organization, we are well on track to achieve our 2009 target of more than \$6 billion in total cost reductions," said Potter. "In the third quarter, we surpassed the targeted amount by \$500 million."

Cost reductions center on initiatives to match work hours to reduced mail volume. Other savings are coming from consolidating excess capacity in mail processing and transportation networks, realigning carrier routes, halting construction of new postal facilities, freezing Postal Service officer and executive salaries at 2008 pay levels, reducing travel budgets and similar measures. Of note is an effort launched this year to reduce the cost of more than 500 existing contracts that will result in short- and long-term savings for the Postal Service in the areas of price, scope and process improvements.

"Securing the fiscal stability of the Postal Service will require continued efforts in all of these areas, as well as further review of retiree health benefit prefunding," said Potter. "It also will

require that the Postal Service gain flexibility within the law to move toward five-day delivery, to adjust our network as needed, to develop new products the market demands, and to work with our unions to meet the challenges ahead."

Work hours were reduced by 88 million hours in the first three quarters of fiscal 2009, or 8.4 percent compared to the first three quarters of 2008. "We are on pace to meet our goal of reducing work hours by more than 100 million for the entire year," said Joe Corbett, chief financial officer and executive vice president. "That's double the rate of last year's successful work-hour reductions and the equivalent of 57,000 full-time employees, or 8.6 percent of our full-time workforce."

A significant portion of USPS losses are due to an unprecedented decline in mail volume, which has fallen by nearly 20 billion pieces in 2009 compared to the first three quarters of last year. Third quarter mail volume totaled 41.6 billion pieces, down 7 billion pieces, or 14.3 percent, compared to a year ago — the largest consecutive three-quarter drop in total volume since 1971. The trend of letter mail and business transactions being replaced with electronic alternatives will also cause continued downward pressure on mail volume into coming years.

Third quarter results also show an increase in workers' compensation expense, which increased \$722 million or 198 percent compared to the same period last year. The increase reflects a non-cash adjustment of \$807 million to the carrying value of the Postal Service's workers' compensation liability, due to a change in discount rates caused by the current low interest rate environment.

Complete USPS third-quarter results include operating revenue of \$16.3 billion, a decrease of nearly \$1.6 billion, or 9 percent, from the same period last year, and operating expenses of \$18.7 billion, a reduction of \$294 million, or 1.5 percent, from the third quarter of last year. Details are contained in the Postal Service Form 10-Q report, available at <http://www.usps.com/financials/> (click Form 10-Q under Quarter Reports).

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Please Note: For broadcast quality video and audio, photo stills and other media resources, visit the USPS Newsroom at www.usps.com/news.

An independent federal agency, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 149 million residences, businesses and Post Office Boxes, six days a week. It has 34,000 retail locations and relies on the sale of postage, products and services, not tax dollars, to pay for operating expenses. Named the Most Trusted Government Agency five consecutive years by the Ponemon Institute, the Postal Service has annual revenue of \$75 billion and delivers nearly half the world's mail.

Exhibit 99.2

(See attached)

Financial Update

**Board of Governors'
Open Session
August 5, 2009**

**Joe Corbett
Chief Financial Officer & Executive Vice President**



Economy - Business Impact

June home sales rise, but prices plummet

For the ninth straight month, home sales were below the benchmark 5 million rate. Average home price falls 15.4% from last June.

By Les Christie, CNNMoney.com staff writer

Last Updated: July 23, 2009 12:02 PM ET

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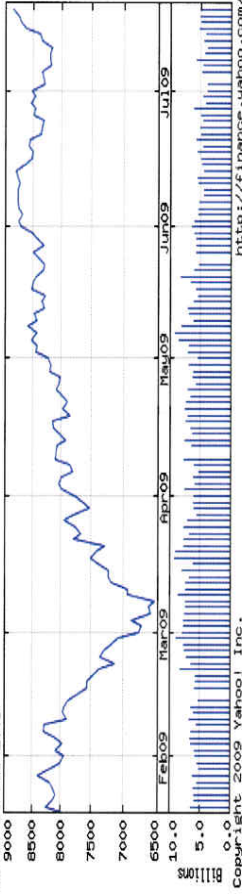
Bernanke sends mortgage rates lower

Rates continue 'yo-yoing,' but comments from Fed chairman add downward pressure. 30-year dips to 5.55%.

By Julianne Pepitone, CNNMoney.com contributing writer

Last Updated: July 23, 2009 11:24 AM ET

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Index Value: 9,093.24
Trade Time: 4:02 PM ET

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Microsoft sales sink another 17%

Software giant's shares tank after revenue slips for a second consecutive quarter and as profit dips 29%.

By David Goldman, CNNMoney.com staff writer

Last Updated: July 23, 2009 6:24 PM ET

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Ford results easily top forecasts

The only U.S. automaker to stay out of bankruptcy reported a net profit thanks to debt reduction and a smaller operating loss and sales decline than expected.

By Chris Isidore, CNNMoney.com senior writer

Last Updated: July 23, 2009 11:35 AM ET

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SPECIAL REPORT Road to Rescue

Consumer confidence dips in July

The Reuters/University of Michigan Surveys shows consumers are wary about the slow pace of recovery.

July 24, 2009 11:33 AM ET

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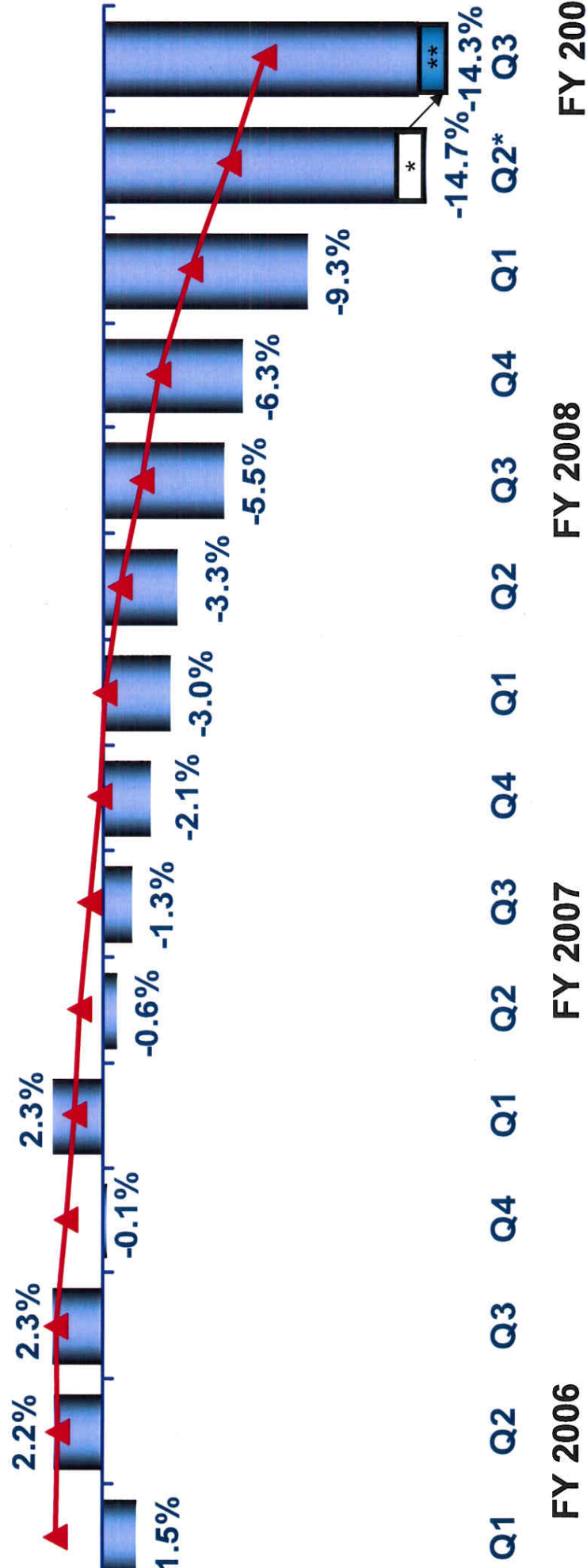
Financial Results

Quarter III

and

June YTD FY 2009

Total Mail Volume



* Q2 FY'09 has one less delivery day than Q2 FY'08

** June FY'08 non-cash adjustment



Statement of Operations

Quarter III FY 2009

Quarter III	Actual	SPLY	Var	% SPLY
Revenue	\$16,345	17,920	(1,575)	-8.8%
Expense	17,939	19,018	(1,079)	-5.7%
Net Loss	<u>(1,594)</u>	<u>(1,098)</u>	<u>(496)</u>	NM
Worker's Comp. Adj.	(807)	0	(807)	
Adjusted Net Loss	<u>(\$2,401)</u>	<u>(1,098)</u>	<u>(1,303)</u>	NM

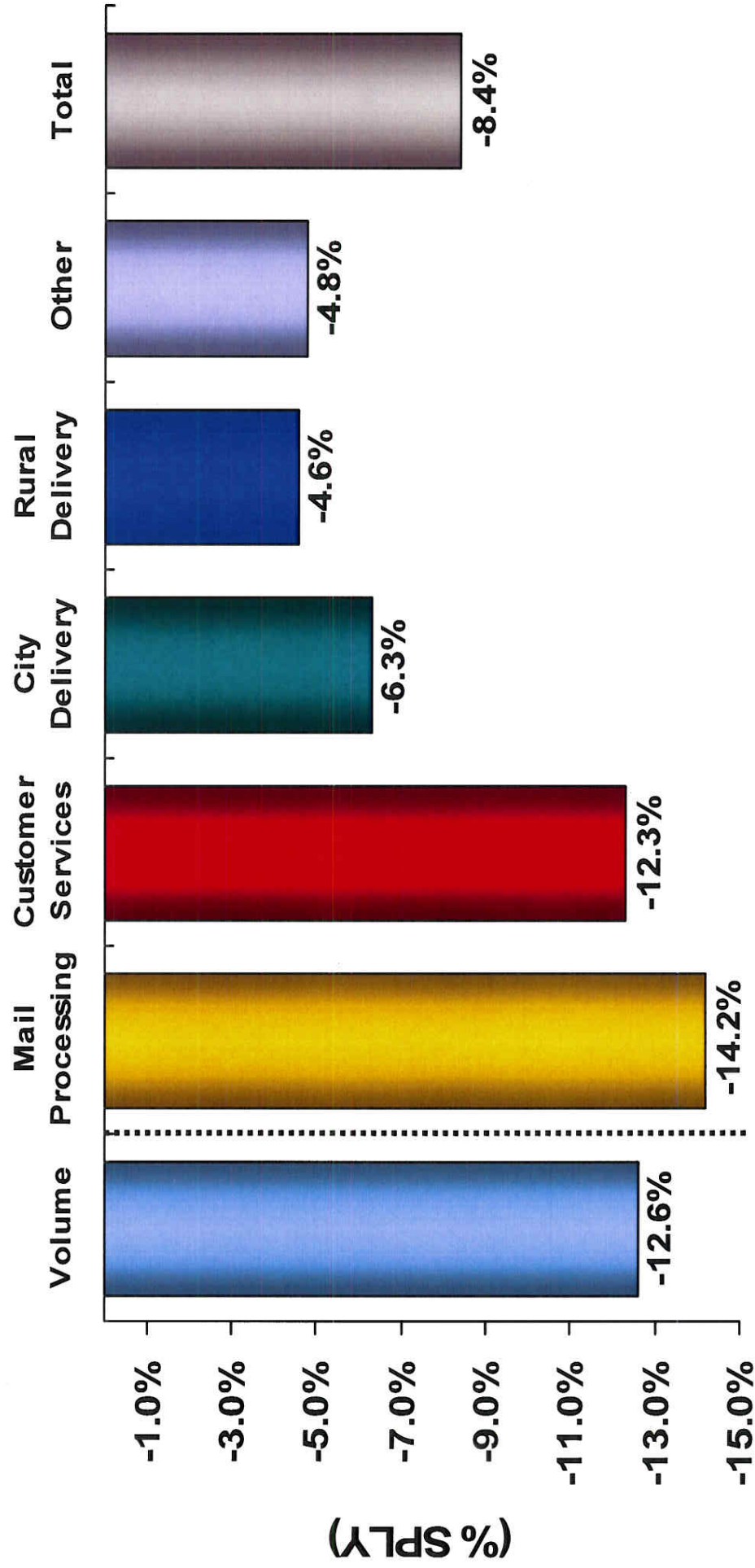
Mail Volume (%SPLY): -14.3%

(Data in Millions)

Financial Update



June YTD FY 2009 Workhours





Statement of Operations

June YTD FY 2009

June YTD	Actual	SPLY	Var	% SPLY
Revenue	\$52,391	57,220	(4,829)	-8.4%
Expense	56,274	58,353	(2,079)	-3.6%
Net Loss	<u>(3,883)</u>	<u>(1,133)</u>	<u>(2,750)</u>	NM
Worker's Comp. Adj.	(807)	0	(807)	
Adjusted Net Loss	<u>(\$4,690)</u>	<u>(1,133)</u>	<u>(3,557)</u>	NM

Mail Volume (%SPLY): -12.6%

(Data in Millions)

Financial Update

Financial Update

**Board of Governors'
Open Session
August 5, 2009**

**Joe Corbett
Chief Financial Officer & Executive Vice President**